

PUBLIC DISCLOSURE

July 19, 2010

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Republic Bank, Inc.
Certificate Number: 35260**

**1560 Renaissance Towne Drive, Suite 260
Bountiful, Utah 84010**

**Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, California 94105**

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operations of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the CRA performance of **Republic Bank** prepared by the **Federal Deposit Insurance Corporation (FDIC)**, the institution's supervisory agency, as of July 19, 2010. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

Republic Bank's CRA performance is considered satisfactory based on the community development (CD) test for wholesale banks. The FDIC assesses a wholesale bank's record of helping to meet the credit needs of its assessment area(s) (AA) under the CD test through its CD lending, qualified investments, or services. Republic Bank has been actively involved with organizations that directly support low-income housing, small business development, and LMI individuals within its AA and broader geographic region. The following factors summarize the institution's performance:

- Republic Bank has a high level of CD loans/leases, and qualified investments. Republic Bank, through partnerships with a CD consortium and a third party, committed \$253,713 in loans; funded over \$12.6 million in qualified lease financing, and purchased approximately \$6.3 million in investments during the evaluation period.
- Republic Bank also donated a total of \$13,375, of which \$5,000 was an educational grant to a LMI student. The remaining \$8,375 was provided to several other qualifying organizations.
- Republic Bank's employees also provided a total of 88 qualified CD service hours to organizations within its AA.
- The bank's responsiveness to credit and CD needs within its AA is considered adequate.

SCOPE OF EXAMINATION

As a designated wholesale institution for CRA purposes, Republic Bank was evaluated under the CD Test. This test focuses on the institution's performance in meeting the credit needs of its AA through qualified CD lending, investments, or services. Examiners used the CD performance criteria, noted in Appendix B, to evaluate Republic Bank's performance.

For the purposes of CRA, Republic Bank designated one AA comprised of the Ogden-Clearfield Metropolitan Statistical Area (MSA). The evaluation was conducted from the bank's only office located in Bountiful, Utah. The evaluation considered all of the bank's CD activities: loans/leases, qualified investments, and services from the previous CRA evaluation dated April 30, 2007, through June 30, 2010. Appendix A includes additional information regarding the evaluation's scope.

DESCRIPTION OF INSTITUTION

On May 28, 2009, Republic Bank changed its designation from an industrial bank to a commercial bank. Republic Bank is primarily involved in the leasing of high tech medical equipment. The sole office is located at 1560 Renaissance Towne Drive, Suite 260, Bountiful, Utah. Republic Bank maintains a staff of 12 individuals.

Republic Bank does not solicit walk-in business, maintain deposit-taking automatic teller machines, or offer a wide range of loan or deposit products. Deposits, 92 percent of which are commercial, consist of money market demand accounts and certificates of deposit. Deposits are primarily acquired through brokers. Republic Bank purchases commercial leases and loans through brokers on a national basis and does not offer retail loans. The bank was assigned a satisfactory rating at its previous CRA evaluation, dated April 30, 2007.

As of the March 31, 2010, Consolidated Report of Condition (Call Report), Republic Bank had \$639.5 million in total assets with total loans and lease financing receivables of \$590.7 million.

Table 1- Composition of Loan Portfolio	Dollar Amount (in 000s)	Percent of Total Loans (%)
Construction – 1 to 4 family residential	0	0.0
Construction – Other construction loans and all land development & other land loans	0	0.0
Secured by farmland (including farm residential and other improvements)	0	0.0
Revolving, open-end loans secured by 1 to 4 family residential properties and extended under lines of credit	0	0.0
Closed-end loans secured by first liens on 1 to 4 family residential properties	0	0.0
Closed-end loans secured by junior liens on 1 to 4 family residential properties	0	0.0
Loans Secured by multifamily (5 or more) residential properties	161	Nominal
Loans Secured by owner-occupied non-farm non-residential properties	0	0.0
Loans Secured by other non-farm non-residential properties	5,580	1.0
TOTAL REAL ESTATE	5,741	1.0
Loans to finance agriculture production and other loans to farmers	0	0.0
Commercial and industrial loans	39,216	6.6
Revolving credit plan loans to individuals for household, family, and other personal expenditures	0	0.0
Other consumer loans (includes single payment, installment, and all student loans)	0	0.0
Other loans	0	0.0
Lease financing receivables (net of unearned income)	545,708	92.4
TOTAL LOANS	590,665	100.0

Source: Call Report as of March 31, 2010

DESCRIPTION OF ASSESSMENT AREA

CRA requires financial institutions to delineate specific AAs where the bank will concentrate its lending efforts. The FDIC evaluates the institution's CRA performance within the delineated AAs.

Republic Bank has designated its AA as the Ogden-Clearfield MSA # 36260. This AA includes Davis, Morgan, and Weber Counties and consists of 93 contiguous census tracts (4 low-income, 17 moderate-income, 50 middle-income, and 22 upper-income). The AA meets the requirements of CRA.

Table 2 provides additional information regarding the AA.

Table 2 – Census Tract Income Levels Ogden-Clearfield MSA (# 36260)		
Census Tract Income Level	Number of Census Tracts	Percent of Census Tracts
Low-Income	4	4.3%
Moderate-Income	17	18.3%
Middle-Income	50	53.7%
Upper-Income	22	23.7%
Total	93	100.0%

Source: 2000 U.S. Census Data

All of the low-income tracts and the majority of the moderate-income tracts are located in Weber County (Ogden) where there is almost no opportunity for development and construction lending for residential projects due to the unavailability of raw land.

According to the 2000 U.S. Census, the total population of the AA was 442,656. Based on 2009 estimates from the U.S. Census Bureau, the population within the AA (Ogden-Clearfield MSA) has grown to approximately 541,569 residents. The Department of Housing and Urban Development's (HUD) updated MSA median family income (MFI) for the AA is \$68,500.

Table 3 depicts the number of small businesses by census tract income level within Republic Bank's AA.

Table 3 – Small Businesses by Census Tract Ogden-Clearfield MSA (# 36260)	
Census Tract Type	% of Total
Low-Income	0 %
Moderate-Income	12.4 %
Middle-Income	52.0 %
Upper-Income	35.6 %
Totals	100 %

Source: CRA Wiz Data 2009 Business Geodemographic Data

MSA # 36260 is composed of three contiguous counties with distinct economic characteristics.

Davis County: Davis County is Utah's smallest county in land area. It is a narrow strip of land only 223 square miles and the 3rd largest county in population. The U.S. Census Bureau estimated that 300,827 residents reside within Davis County's 15 communities.

According to the Utah Department of Workforce Services (UDWS), the county's population growth rate for 2009 was 1.9 percent, which was slightly above the statewide growth rate of 1.5 percent and below the statewide growth rate for 2008 of 2.0 percent.

The county's unemployment rate for 2010 was 6.6 percent, which was higher than the previous year's unemployment rate of 5.9 percent and below the statewide unemployment rate of 7.3 percent. The area has benefited from strong population growth and in migration from the more expensive Salt Lake City metro area.

Morgan County: According to the UDWS, the county's population growth rate for 2009 was 3.1 percent, which was slightly above the state's growth rate of 1.5 percent and above the statewide growth rate of 2.0 percent for 2008. The county's unemployment rate for 2010 was 7.5 percent, which was higher than the previous year's unemployment rate of 5.8 percent and the statewide unemployment rate of 7.3 percent.

Weber County: Weber State University, the U.S. Forest Service Regional Headquarters, the IRS Service Center, McKay-Dee, and St. Benedict's hospital are among the county's major employers since the mid-1990s.

According to the UDWS, the county's population growth rate for 2009 was 1.2 percent, which was slightly below the statewide growth rate of 1.5 percent. The county's unemployment rate for 2010 was 6.6 percent, which was lower than the previous year's unemployment rate of 7.6 percent for the county and below the statewide unemployment rate of 7.3 percent.

Table 4 provides additional information regarding the AA.

Table 4 – Demographic Information for Assessment Area Ogden-Clearfield MSA (# 36260) Activity Year 2009					
Demographic Characteristics	#	Low % of #	Mod % of #	Mid % of #	Upper % of #
Geographies (Census Tracts)	93	4	17	50	22
Population by Geography *	442,656	2	17	56	25
Owner – Occupied Housing by Geography*	106,246	1	14	59	26
Business by Geography – 2009	44,219	5	16	53	26
Family Distribution by Income Level	111,216	2	16	57	25
Distribution of LMI Families throughout AA Geographies*	40,331	4	28	55	13
HUD Adjusted MFI for 2009	68,500	Median Housing Value		140,439	
Households Below Poverty Level	7%	Unemployment Rate		3%	

Source: 2000 U.S. Census; 2009 HUD updated MFI

Competitive Environment

Republic Bank operates in a highly competitive market. According to the FDIC Summary of Deposits report as of June 30, 2009, 17 financial institutions operate 13,468 banking offices in the Ogden-Clearfield MSA. Republic Bank is ranked 5th in deposit market share with 2.9

percent of the \$15.9 billion in deposits within the AA. Credit unions are not included in the market share report, but represent additional competition for area financial institutions.

Credit Needs

Community Contacts

Information obtained from community contacts is used to evaluate Republic Bank's CRA performance and to help in assessing the credit and CD needs of the AA. Examiners reviewed two community contacts that were recently completed. The community contacts were representatives of community based development and economic organizations. The contacts indicated that the local economy has been negatively affected by the current economic downturn. However, according to the contacts, financial institutions continue to participate in credit-related projects in the community and the general banking needs of the local area are being met. The contacts believe that there are opportunities for more participation from local banks to rehabilitate affordable housing to make it safer, fund small businesses, and sponsor financial education and credit counseling programs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

This evaluation focused on the level of CD loans/leases and investments when arriving at the overall rating. Appendix B explains the criteria used to evaluate wholesale banks under the CD Test.

Community Development Lending, Investments, and Services

Republic Bank has a high level of CD loans/leases and investments. Table 5 summarizes the CD loans/leases and investments Republic Bank made during the current assessment period.

Table 5 - Republic Bank – Qualified Loans/Investments/Grants and Donations					
Qualified Loans/Leases	Amount	Qualified Investments	Amount	Qualified Donations	Amount
Leases (15)	\$12,585,381				
Community Reinvestment Corporation	\$253,713				
		Mortgage Pools (5)	\$6,344,853		
				LMI education	\$13,375
Total	\$12,778,395	Total	\$6,344,853		\$13,375
Grand Total					\$ 19,136,623

Source: Bank Records as of June 30, 2010

Community Development Lending

A Statewide Community Reinvestment Corporation

Republic Bank displayed a high level of granting CD loans/leases as demonstrated by a strong dollar volume of CD loans/leases of over \$12.7 million over the evaluation period.

Republic Bank is a member of a local community reinvestment corporation (CRC) comprised of 30 local financial institutions. The CRC is a statewide non-profit housing agency that provides funding for projects which serve LMI individuals. The investment in the CRC loan pool is based on an institution's total average size in relation to other participants.

As of the assessment period, Republic Bank participated in 31 loans totaling approximately \$253,713. These loans provided funding for a total of 267 multi-family housing units. Of these projects, 3 are located within Republic Bank's AA which accounted for 126 of the total housing units.

Leases

The majority of Republic Bank's CD loans during the assessment period came in the form of lease financing. A total of 15 leases, with an aggregate of approximately \$12,585,381, (representing 98 percent of the total leases - \$12,824,855 during the assessment period) were issued to 4 different qualified entities in the amounts of \$9.3 million, \$2.0 million, \$1.1 million, and \$60,699. These agencies are non-profit organizations involved in providing outreach, social services, housing, medical needs, counseling, and other life necessities (community services) for developmentally disabled children and adults. The majority of the individuals served by these organizations are LMI individuals. Republic Bank also purchased qualified CD leases that were directed to a regional market that included its AA.

Community Development Investments

Mortgage Pools

Republic Bank acquired investments of over \$6.3 million which represents an increase of approximately \$4.2 million since the previous CRA evaluation.

Republic Bank invested in five affordable housing mortgage-backed securities. A majority of the aggregate investments (approximately \$4.7 million, representing approximately 73.9 percent) were in the bank's AA. The remaining investments were made in other areas throughout Utah, primarily in contiguous counties and LMI areas.

Donations/Grants

During the assessment period, Republic Bank provided \$13,375 in donations that benefitted LMI students.

Community Development Services

Republic Bank contributed a total of 88 hours to 2 organizations in its AA that provided notable CD services. The service hours were provided by 2 of Republic Bank's 12 employees. The employees served in the capacity of providing financial counseling to individuals experiencing short-term financial hardship as well as Board members of the organizations that targeted LMI individuals.

Use of Innovative or Complex Community Development Activities

Republic Bank's CD activities are not considered innovative or complex. Examiners reviewed the activities and determined that the bank primarily purchased loans and leases. In addition, the institution has a limited number of personnel resources which affects its ability to be involved in more complex or innovative activities. None of Republic Bank's CD loans/leases, qualified investments, or services involved the use of innovative or complex characteristics.

Responsiveness to Credit and Community Development Needs

Republic Bank exhibits adequate responsiveness to credit and CD needs in its AA. Community contacts emphasized the need for affordable housing, financial education, and credit counseling. To address these needs, the institution purchased 31 loans totaling \$253,713, which resulted in 126 units of affordable housing in the AA. Republic Bank's qualified investments included five mortgage-backed securities that directly addressed affordable housing needs for LMI individuals in its AA. Republic Bank provided an adequate number of hours (88) of CD services that directly addressed financial counseling and consulting to LMI individuals in its AA.

APPENDIX A – SCOPE OF EXAMINATION

SCOPE OF EXAMINATION		
TIME PERIOD REVIEWED	5/01/2007 TO 6/30/2010	
FINANCIAL INSTITUTION		PRODUCTS REVIEWED
Republic Bank, Inc., Bountiful, Utah		Community Development Loans/Leases Community Development Investments Community Development Services
AFFILIATE	AFFILIATE RELATIONSHIP	PRODUCTS REVIEWED
No affiliate activities considered.		

LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Ogden-Clearfield, Utah MSA (MSA #36260)	On-site	None	On-site procedures conducted at the institution's only office in Bountiful, Utah

APPENDIX B – WHOLESALE BANK PERFORMANCE CRITERIA

Community Development Definition

According to the CRA regulation, a qualified CD loan must relate to one of the following activities:

- affordable housing (including multifamily rental housing) for low- or moderate-income individuals;
- community services targeted to low- or moderate-income individuals;
- activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
- activities that revitalize or stabilize—
 - low- or moderate-income geographies;
 - designated disaster areas; or
 - distressed or underserved nonmetropolitan middle-income geographies designated by the Board of Governors of the Federal Reserve System, FDIC, and Office of the Comptroller of the Currency, based on—
 - ✦ rates of poverty, unemployment, and population loss; or
 - ✦ population size, density, and dispersion. Activities revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of LMI individuals.

APPENDIX C - GENERAL DEFINITIONS

Community development services: A service that has its primary purpose as community development. These services must be related to the provision of financial services that benefit Republic Bank's assessment area.

Qualified investment: "A lawful investment, deposit, membership share, or grant that has as its primary purpose community development (12 CFR 25.12(t))." These services can be for the support of the following endeavors: (1) affordable housing, (2) community services targeting, (3) activities that promote economic development by financing small farms and small businesses, and (4) activities that revitalize or stabilize LMI areas.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines. However, they may cross the boundaries of MSAs. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Low-income: Individual income that is less than 50 percent of the area median income or a median family income that is less than 50 percent, in the case of geography.

Metropolitan area (MA): A MSA or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of geography.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of geography.